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17 July 1963

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CENTRAL INTELLIGENCE BULLETIN



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*British Guiana: (Both major political parties-- Jagan's People's Progressive Party (PPP) and Forbes Burnham's People's National Congress (PNC)--are divided over Colonial Secretary Sandys' proposals to form an all-party coalition government.)

(The extreme left wing of the PPP, led by Jagan's wife and by Agriculture Minister Brindley Benn, are reported strongly opposed to a coalition and seem to have carried the majority of the party leadership with them. Jagan--in the past amenable to working with Burnham--is now said to be adamantly opposed to including conservative United Force leader Peter D'Aguiar. Jagan has also indicated that he is opposed to coalition unless his party retains six of the ten cabinet posts. For its part, the PNC agreed to enter coalition talks after a heated argument in its executive committee on 12 July.)

(Jagan and Burnham nevertheless have agreed to hold regular weekly meetings to discuss the possibility of coalition. The prospects of these talks are poor.)

(On his return to London on 16 July, Sandys announced that Britain is awaiting the outcome of the talks before imposing a solution. Trinidad's Prime Minister Eric Williams also hopes to mediate and has recently invited all Guianese party heads to attend a West Indies heads-of-state meeting in Port of Spain on 22 July. So far, none of the Guianese have responded.)

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USSR: Khrushchev apparently intends to embark on a course which, if implemented, will boost sharply agriculture's claim on the country's resources at the expense of other objectives, possibly even including defense.

Signs over the past year of increased investment in agriculture and a stepped-up program for agricultural machinery production have now been followed by Khrushchev's assertion to Belgian Foreign Minister Spaak that he intends to surpass US production in chemical fertilizers in the next five years. He claimed that the USSR was now able to spend more on the civilian economy since the "peak" of Soviet military expenditures had been passed.

Khrushchev's goal implies a production five years hence of upwards of 40 million tons. Production at the end of 1962 was only a little over 17 million. The minister of agriculture recently announced that farms would have 47 million tons of fertilizer by 1965, suggesting that even more ambitious plans are being considered.

The tempo and scope of Khrushchev's agricultural program will determine its impact on other priority sectors of the economy. Khrushchev is obviously concerned over the stagnation of Soviet agriculture since 1958 and presumably will press for whatever measures are necessary--including increased industrial support--to alleviate the situation rapidly. The investment in chemical equipment, farm machinery, and storage facilities required for such a program, if actually implemented, probably cannot be obtained entirely by altering previous commitments in the consumer and heavy

industrial sectors. A review of defense objectives aimed at restraining increases in defense costs may also be under way.

While Khrushchev's new program could have considerable benefit, Soviet agriculture will still be faced with a myriad of problems associated with collectivization, improper organization, and lack of incentives for the peasantry.

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USSR-Cuba: (Moscow is promoting the idea that the Castro regime desires a rapprochement with the US.)

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(It is unlikely that either Moscow or Havana believes there is any prospect for a significant adjustment of Cuban-US relations in the near future. They may believe, however, that even rumors of Cuban interest in rapprochement and negotiation with the US would complicate US efforts to obtain the cooperation of other governments in tightening Cuba's isolation.)

(Soviet and Cuban leaders probably also hope that these tactics will undercut anti-Communist moves in other Latin American countries as well as prevent further deterioration in Cuban relations with the five Latin countries with which Havana still maintains diplomatic relations.)

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Common Market: (The agreement at the EEC Council meeting on 11-12 July to establish formal contacts with the UK within the framework of the Western European Union has apparently removed a major irritant among the six countries of the Common Market.)

(Since De Gaulle's veto of Britain's accession to the Common Market last January, the renewal of contacts with London had become a question of national prestige and a symbol of opposition of the other five members to the French position. Potentially explosive itself, the issue had also become an obstacle to serious consideration of other community problems and in some cases an excuse for delay.)

(There is little expectation, however, that the compromise will lead to early resumption of talks on British accession or that the better atmosphere which has been created will of itself lead to quick and easy solutions to the other intracommunity problems. Foremost among these is implementation of the common agricultural policy.)

(The US Embassy in London reports that it expects the UK eventually to accept the offer to maintain contact with the EEC via the WEU.)

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